

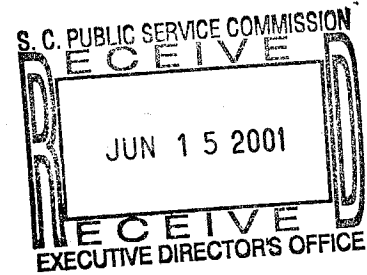


Direct Testimony

Carl Daniel

Carolina Water Service, Inc.

Docket No: 2000-0207-W/S



Q. Would you please state your name and business address?

A. My name is Carl Daniel, and my business address is 5701 Westpark Drive, Suite 101, Charlotte, NC 28217.

Q. What is your current position of employment?

A. I am Group Vice President and Regional Director of Operations for Carolina Water Service, Inc.

Q. How long have you been employed in the water and wastewater industries?

A. Approximately 27 years.

Q. What is your educational and professional background?

A. I hold a Bachelor's Degree in Business Administration from Pfeiffer University in North Carolina. Throughout my career, I have held the positions of Operator, Operating Manager, Area Manager, Regional Director, and Vice President. During that time, I have both operated and managed water supply systems and wastewater treatment facilities. Also, I have overseen the completion of major capital improvements and have been the Company spokesperson with regard to health, environment, and utility regulations in several states.

Q. What are your duties with Carolina Water Service, Inc.?

A. I am responsible for making sure our customers receive the best possible service. As such, I am responsible for all operating personnel, facilities, maintenance and capital projects. In addition, I am responsible for communications with state and federal regulators, including state utility commissions, regarding environmental and drinking water standards as well as other operational issues.

Q. Would you describe your experience in testifying before state utility commissions regarding rate cases?

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1 A. Yes. I have testified before the commissions in North Carolina, South Carolina, Maryland,
2 and Virginia.

3 **Q. Mr. Daniel, what is the purpose of your testimony in this proceeding?**

4 A. The purpose of my testimony is to provide the Commission with a brief overview of our
5 South Carolina operations, as well as our continued efforts to provide our customers with the
6 best possible water and sewer utility service.

7
8 **Q. Mr. Daniel, would you briefly describe your water and sewer operations here in South**
9 **Carolina?**

10 A. Yes. I would be more than happy to do so. Carolina Water Service, Inc. provides water
11 and/or sewer service to approximately 17,300 customers. We deliver safe and reliable water
12 service to our customer's homes by way of deep drilled wells and/or through the purchase
13 and resale of bulk water. We also provide comprehensive sewer service through our
14 wastewater transportation and treatment facilities.

15
16 **Q. Who within the Company is responsible for ensuring that the Carolina Water Service,**
17 **Inc. customers are receiving the best possible service?**

18 A. I have the overall responsibility for ensuring that our customers receive the best possible
19 service. In order to discharge this responsibility, I make every effort to see that the company
20 hires and maintains a highly qualified and professional staff of individuals both in the office
21 and in the field. Together, we continue to make customer satisfaction the primary
22 responsibility of each and every Carolina Water Service, Inc. employee.

23
24 **Q. Please outline a few of the ongoing programs Carolina Water Service, Inc. has in place**
25 **to help ensure that customers receive quality utility service.**

26 A. First and foremost, we make certain that our operations personnel are duly certified by
27 environmental regulatory authorities. We also hold periodic staff meetings to specifically
28 address service concerns, as well as to increase employee sensitivity to customer satisfaction.
29 Topics covered include service problems encountered, steps taken to solve these problems,

1 new regulations and cost control measures. These regular meetings also serve as an
2 opportunity to reinforce our customer service philosophy, as well as to keep each of us
3 focused on what is important -- our customers. We also provide continuing education
4 programs for all employees, which include classes routinely conducted by both Carolina
5 Water Service, Inc. staff, as well as outside experts. By keeping up to date with new
6 methods and changing regulations, this enables our most valuable resource, our people, to
7 provide better service, as well as hold down costs.

8
9 Our capital improvements program, as well as our ongoing operational programs such as
10 routine testing, and periodic water main flushing to improve water quality, the use of
11 sequestering agents to reduce the effects of minerals which may occur naturally in ground
12 water, the cleaning of 10% of sewer collection mains each year to minimize the potential for
13 back-ups, and our 24-hour-a-day, seven-day-a-week on-call emergency service ensures that
14 our customers are provided the best possible service. It also ensures that company-wide
15 facility and safety standards are properly maintained.

16
17 We also routinely communicate with our customers, as well as community leaders regarding
18 issues that may affect the quality or cost of service they receive. As increased regulation
19 continues to place upward pressure on the cost of providing service, it becomes more
20 important to make customers aware of measures being taken to ensure that their drinking
21 water is safe and that their waterways are protected. Some of our customer communication
22 efforts include regular attendance at Property Owners Association (POA) meetings, customer
23 letters and back-of-the-bill messages, writing informational articles for local publications,
24 as well as providing all new customers with a welcome letter introducing our company and
25 letting them know who to contact with problems or concerns.

26
27 **Q. Does increased federal regulation of the water and wastewater industries continue to**
28 **impact Carolina Water Service, Inc.?**
29

1 **A.** Yes. The Safe Drinking Water Act (SDWA) and the Clean Water Act (CWA) have
2 dramatically changed the water and wastewater industry. It has placed additional costs upon
3 water and wastewater utilities. While we have already complied with a good portion of the
4 requirements contained in the reauthorization of the SDWA, new requirements continue to
5 be promulgated. Likewise, the requirements of the CWA continue to evolve.

6
7 **Q.** **How does this impact Carolina Water Service, Inc.'s customers?**

8 **A.** As I mentioned, although the cost of providing service increases, our customers receive the
9 benefit of the protection of their waterways as well as being provided with drinking water
10 that is free of harmful contaminants. Our customers also benefit from Carolina Water
11 Service, Inc.'s continued commitment to provide them with safe and reliable utility service.
12 Understandably, customers may be unaware of our efforts to meet regulatory requirements
13 since they do not necessarily see a perceptible change in the quality of service and therefore,
14 maybe, largely unaware of the hidden benefits of compliance. Without the benefits of
15 compliance, residential development simply cannot be sustained – much less begun. And,
16 of course, these benefits accrue to the overall well-being and value of the communities we
17 serve.

18
19 **Q.** **You mentioned capital improvements and operational programs which benefit**
20 **customers. Can you provide a specific example of how these benefit customers?**

21
22 **A.** Yes. The Company recently received an inquiry from a resident of the Indian Fork
23 Subdivision regarding water quality. Specifically, the customer wanted to know why Forty
24 Love Point, a neighboring subdivision, had a filter on the water well serving that subdivision
25 while Indian Fork did not. The Company already had in place a capital projects
26 improvement plan, which included installation of a water softener in that subdivision, when
27 we received the inquiry. We explained to our customer that the developer installed Indian
28 Fork system did not include a filter, while the Forty Love subdivision developer had included
29 a softener on that system. We explained to our customer that a softener is needed in Indian

1 Fork to eliminate hardness in the water and that the softener also acts as a filter. We further
2 advised the customer that our capital projects plan permits the needed investment for a
3 softener in Indian Fork in the August, 2001 time frame and that the project would be
4 undertaken at that time. This is just one example of our efforts in the operational and capital
5 improvements areas which will enhance service quality.

6
7 **Q. Does this conclude your testimony?**

8 **A. Yes.**

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